



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, May 20, 2014

**Kiva Forum – City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
APPROVED MINUTES**

PRESENT: David Scholefield, Chairperson
Tom Enders, Vice-Chairperson
Carl Grupp
Camille Hill
Ren Hirose
Robert McCreary

ABSENT: Ace Bailey

STAFF: Steve Geiogamah
Holli Shannon
Paul Katsenes
Cheryl Sumners
Rose Rimsnider
Lee Guillory
Paul Basha

GUESTS: Mayor Jim Lane
Rachel Sacco, SCVB
Caroline Stockel, SCVB
Rachel Pearson, SCVB
Kate Birchler, Macerich
Steve Helms, Macerich
Fred Unger, Spring Creek Development
Tom Etzel
Bob Brown
Kelly Bolener
Margaret Dunn
Michael McCloud
Mike Mayer

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:01 a.m.

2. Approval of Minutes

- April 15, 2014 Regular Meeting

COMMISSIONER GRUPP MOVED TO APPROVE THE MINUTES OF THE APRIL 15, 2014, TOURISM DEVELOPMENT COMMISSION REGULAR MEETING AS PRESENTED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER BAILEY WAS ABSENT.

3. Manager Reports

- a. Staff Bed-Tax Collection Report
- b. Bed Tax Proforma

Chairperson Scholefield inquired about the likelihood of the Museum of the West's five-year donation match being processed in 2013/14. Ms. Guillory responded that the proforma shows an estimated amount of \$400,000 for that item in FY13/14, with the remainder being pushed to later years. If the museum does not use the match this year, it will roll into next year.

- c. Smith Travel Report
- d. Program Updates

Chairperson Scholefield inquired about the funding for the Tourism Advisory Task Force. Mr. Geiogamah explained that they currently have \$625,000 available to move forward on first year initiatives. As the plan develops through its second year, a request can be made to City Council for funding above \$625,000. The TDC will receive an update on the funding process in June.

Mr. Geiogamah reported that the Audit Subcommittee unanimously approved moving forward with the TDC's role as an advisory body to the City Council.

4. FY2014/15 Event Development Funding Program

Mr. Geiogamah said the Event Development Fund formerly known as the New Event Development Fund has been refined over the past few months. Up to a maximum of \$75,000 can be allocated to events. Since these events are fairly new, the fund allows the event the flexibility to spend money on local marketing to drive gate, in addition to attracting visitors from outside the market area. The event working group recommended

changing the contract to focus on gathering market value before and during the event, rather than post event.

COMMISSIONER ENDERS RECOMMENDED APPROVAL OF THE PROPOSED CHANGES TO THE EVENT SUPPORT FUNDING PROGRAM CRITERIA AND OBJECTIVES FOR FY2014/15. COMMISSIONER HIROSE SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER BAILEY WAS ABSENT.

5. FY2014/15 Event Venue Fee Program

Mr. Geiogamah reported that the Event Venue Fee program was introduced this year and was successful. The program allows the City to compensate large sports-related tournaments for some of their venue-related fees. He requested approval of a \$20,000 budget to support the program for FY2014/15. Two events applied for and received funding last year, and each event exceeded the 700 room night requirement.

COMMISSIONER HIROSE RECOMMENDED APPROVAL OF \$20,000 IN FUNDING FOR THE EVENT VENUE FEE PROGRAM AND APPROVAL OF THE PROGRAM OBJECTIVES. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER BAILEY WAS ABSENT.

6. ESPN FanFest - Event Development Funding

Steve Helm, Assistant Vice President, Property Management, Scottsdale Fashion Square, noted that the Super Bowl week situation was very different when the Valley hosted the event in 2008. Scottsdale faces much more competition this time, as downtown Phoenix has aggressively pursued its role as Super Bowl Central, and Glendale and Tempe are also planning game-related events.

Kate Birchler, Assistant Vice President of Tourism Marketing for Macerich Shopping Centers, said the ESPN FanFest Scottsdale promises to be one of the highlight events associated with Super Bowl 2015. The ESPN FanFest presents the opportunity to showcase Scottsdale during Super Bowl week. The network decided to remain in Scottsdale because they believe the destination offers the kind of energy they seek. They specifically chose a spot just north of the Fashion Square in order to use Camelback Mountain as the backdrop.

Ms. Birchler said the ESPN contract has already been signed with Macerich. They require that 250 people be present at all broadcast times from January 26 through February 1. Their footprint will contain two main broadcast areas, two radio podcast areas, and supporting trucks and equipment. ESPN will make at least 20 mentions per weekday about their Scottsdale location, and ten mentions each weekend day. Scottsdale will be showcased through signature shots, and a 30-second TV spot. Fashion Square is providing the space to ESPN in kind.

Ms. Birchler said the FanFest aims to create a high energy destination experience during Super Bowl week that positions Scottsdale as the main location for the excitement surrounding the game. It will showcase Scottsdale's personality and encourage visitors

to return for more. Residents will be encouraged to bring their guests to FanFest as well. There will be a drop-off area for the Day Tripper, shuttles, taxis, and motor coaches. The SCVB Welcome Center will be the first thing visitors see as they enter, and they will be able to learn about everything that is happening during their stay. ESPN will broadcast from the far west side of the footprint, surrounded by food and beverage stands, live entertainment, and interactive offerings. The NFL Live Fashion Show will occur at FanFest.

Ms. Birchler said the goal is to return the City's investment. The synergy with downtown Scottsdale will help brand the destination and provide a memorable experience. By exceeding ESPN's expectations, Scottsdale hopes to warrant the network's return in 2016 for the College Football Championship game. An aggressive marketing and PR strategy will target affluent customers visiting during Super Bowl week.

Ms. Birchler stated that the scalability of the event is dependent on the budget. The value of the Macerich-provided event space during prime time is \$420,000 for two weeks. Event activation will cost about \$865,000, and include infrastructure expenses and production fees. Safety and security is estimated at \$92,000. Media and promotion costs are about \$45,000. The total expense is estimated at \$1.4 million. She requested TDC funding of \$475,000 to come from the bed tax. The value of the ESPN presence is worth \$1.75 million. Scottsdale Fashion Square will provide about \$200,000 worth of media and promotion. Macerich will also promote the Scottsdale brand and ESPN FanFest at their shopping centers, a campaign that is worth over \$2 million. In total, this represents a 436% return on the City's investment.

Ms. Birchler concluded by stating that if the TDC recommends the proposal, it will be brought before City Council on June 3rd for their approval. Commissioner Hirose agreed that the competition has increased, but said Scottsdale has the best location in the Valley, and FanFest will serve as the anchor to bring people to Scottsdale where they can learn about everything the community offers. The amount of coverage provided is substantial.

Commissioner Enders said the FanFest is what Scottsdale needs to be competitive. The funds are available, and the event fulfills the purpose of the fund. He inquired whether the marketing budget will be enough to meet the set goals. Ms. Birchler explained that the amount she quoted was just one of the aspects of marketing, and does not include Macerich's effort. The SCVB will provide input on the entire marketing and PR effort.

Chairperson Scholefield asked whether the proposed event meets City requirements. Mr. Geiogamah responded that the Artigue Agency has reported that the return on investment will exceed the City's cost. This is considered a mega event in terms of the City's event funding policy. Chairperson Scholefield noted that Commissioner Bailey expressed her complete support for the ESPN FanFest, and said she feels it is important for Scottsdale to take advantage of this opportunity for a major TV presence and a boost to tourism.

COMMISSIONER HIROSE MOVED TO APPROVE FUNDING FOR THE ESPN FANFEST IN THE AMOUNT OF \$475,000 FROM THE CARRYOVER FUND.

COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER BAILEY WAS ABSENT.

7. WestWorld Event Marketing Update

Fred Unger, Spring Creek Development, provided an update on the marketing efforts undertaken at WestWorld since the first of the year. Brian Dygert, WestWorld's General Manager, has extensive contacts in the horse world and will continue to bring fine equestrian events to Scottsdale. M Catering, the food and beverage subcontractor, ensures that every event will have fresh, quality, and reasonably priced food and beverage. The National Western Capital Corporation is searching the globe for quality events to bring to WestWorld. Team WestWorld, in partnership with the City, can produce original events that will help bridge the gap for new events to locate to WestWorld.

Tom Etzel, of the Etzel Agency, provided a preview of the types of events that are coming to Scottsdale. The Etzel Agency first became involved in the Scottsdale market in 2001 with the Safeway International LPGA event. Etzel is an experiential agency based in Portland, Oregon with offices throughout the country that has helped many national and global brands bring their activations to life. An experienced team has been hired to generate excitement about WestWorld. The team has seven clients in the letter of intent phase for WestWorld, and five more who are about to enter LOIs.

Mr. Etzel offered past examples of his agency's work. The Bud Light Fiesta in 2011 took place on the Waterfront along the canal during the BCS game. Other events include the Rose Bowl five-acre tailgate environment prior to this year's BCS game, and the ESPY Awards Red Carpet Experience. College Football Playoff hired the Etzel Agency to manage their gameday tailgate environments. Etzel is also managing Major League Soccer's All Star game in Portland this summer.

Mr. Etzel said WestWorld is a blank canvas. The expansion of the North Hall provides a wealth of opportunities, and provides a wow factor to the facility. It enables multiple events to be on the property at the same time. WestWorld can be a facility that will make Scottsdale proud, and can generate revenue for the City. A new website is active at www.westworldaz.com.

Chairperson Scholefield requested future updates on WestWorld activities. Commissioner Hill inquired about the CAD drawings, rigging outlines, and electrical schemes for WestWorld facilities. Mr. Etzel said the team is working to obtain that information.

Commissioner Hirose inquired about the strategies to attract business during the May through September months. Mr. Etzel responded that the North Hall will be a focal point for the summer, offering 117,000 square feet of temperature-controlled space, along with Monterra. The property is being promoted locally and regionally every day. There are few facilities in the country that can offer the same combination of interior and exterior space along with onsite parking. It offers a one-stop shop for hosting successful events.

Chairperson Scholefield noted that the City's website needs a link to the new WestWorld website. Mr. Etzel stated that his agency has the goal of surpassing the revenue targets set by the City and possesses the contacts necessary to achieve that goal. Commissioner Enders requested a future update on the proactive sales strategy.

Chairperson Scholefield opened the public hearing.

Mike Mayer provided the TDC with a tourism plan he said could create 2,000 jobs and \$250 million worth of sales in Scottsdale without spending any money. He stated that the citizens were promised that the WestWorld expansion would open with a full calendar of events, but that has not happened. He noted that Councilwoman Milhaven has called it a mismanaged facility. WestWorld has not updated its business plan in 17 years. Barrett-Jackson Scottsdale received little TV coverage compared to Barrett-Jackson Palm Beach, even though the new \$50 million facility was built with national TV exposure in mind. The taxpayers deserve an explanation for this. A small equestrian event recently received a 62% discount, which appears like an act of desperation. Taxpayers should not be expected to lose more money because City leaders failed to get events. He said he objects to alcohol events, fireworks, and rock concerts at WestWorld, which clash with the neighborhood. Bike Week is a terrible event for a residential area. The City should only sign multi-year contracts with performance guarantees.

Chairperson Scholefield closed the public hearing.

8. FY2014/15 Scottsdale CVB Destination Marketing Guide

Rachel Sacco, President/CEO of the SCVB, presented the final draft of the SCVB Destination Marketing Guide to the TDC for their approval. The guide begins every year with a zero-based budget and every single program is measured. Those that can provide the greatest return on investment become part of the base program. When the bed tax outperforms the proforma, the additional money is used to leverage the most successful programs.

COMMISSIONER ENDERS MOVED TO APPROVE THE FY2014/15 SCOTTSDALE CVB DESTINATION MARKETING GUIDE AS PRESENTED. COMMISSIONER HIROSE SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER BAILEY WAS ABSENT.

9. FY2014/15 Destination Marketing SCVB Performance Measures

Mr. Geiogamah said the performance measures remain the same as presented last month.

COMMISSIONER HIROSE MOVED TO APPROVE THE FY2014/15 SCOTTSDALE CVB DESTINATION MARKETING PERFORMANCE MEASURES AS PRESENTED. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER BAILEY WAS ABSENT.

10. Hospitality Trolley Program

Paul Basha, Transportation Director, reviewed the most recent Day Tripper season, which ran from December 2013 through March of 2014. The route was shortened this year, connecting the two highest ridership locations from previous years. The shorter route allowed the trolley to keep to its 30-minute schedule. Ridership began the season at a little under 100 per day, and reached the 200 to 300 range in February and March. Tuesdays had the highest ridership, despite the lack of Giants games on those days. Baseball game days produced about 250 riders per day. Arabian Horse Show and Barrett-Jackson produced fewer. The Arts Festival and the Canal Convergence events in March produced the highest ridership numbers.

Mr. Basha noted that the consultant-provided survey revealed that approximately 42% of Day Tripper riders either lived or worked in metro Phoenix, which translates to about 123 tourist rides per day. Assuming return trips are taken, that means last season the trolley averaged 62 tourists each day. Looking at daily ridership on all buses and trolleys in Scottsdale in FY2012/13, Route 72 had the highest ridership, while the Day Tripper was third from last. The only routes that carried fewer passengers were buses from Phoenix with few stops in Scottsdale. When comparing only the no-fare trolleys, the Day Tripper was close to the bottom, while the Neighborhood Trolley served approximately 1600 riders per day. The Day Tripper had the highest cost per rider among all routes in Scottsdale. The \$12 per rider average was almost 2.5 times the average cost.

Mr. Basha explained that ridership for transit is heavily dependent on service frequency. People do not like to wait for trolleys, especially tourists in Scottsdale, even for 15 minutes, which is twice the frequency of the Day Tripper. The existing downtown route is very circuitous. Transportation is aiming to create a much more direct route that will serve nearly the same number of properties, though it will not be able to serve the Ramada Valley Ho.

Mr. Basha reviewed some estimated costs for potential services next year. Repeating the same service would cost \$180,000 next year. If the same route was changed to provide 15-minute service, the cost would be \$270,000. Operating the downtown trolley at 12-minute service would cost \$180,000 above the cost for the existing downtown trolley. Combining the downtown and hospitality trolleys into one continuous trip at ten-minute intervals would require purchasing new vehicles at \$2.3 million. Trolley service from Sky Harbor Airport to Fashion Square operating ten hours per day would cost \$250,000 at 60-minute frequency, and over \$500,000 at 30-minute frequency. Fifteen-minute frequency would require new vehicles at \$3 million. A 30-minute interval express trolley from Fashion Square to the Rural/University light rail station in Tempe would cost \$380,000, and 15-minute service would be just under \$3 million. This latter route would basically run along Scottsdale Road like Route 72. A trolley running only two weeks during Super Bowl would cost between \$20,000 and \$30,000 depending on frequency.

Chairperson Scholefield noted that the Day Tripper has not had as long to build up ridership as the existing trolleys have. He also noted that the free trolleys do not seem to be drawing customers away from the paid routes. Commissioner Hill inquired about efforts to market the trolley. Mr. Basha explained the SCVB's marketing program for the Day Tripper. Commissioner Hirose proposed that the downtown route include a short extension to drop people off into the heart of Old Town Scottsdale. Mr. Basha advised

combining the downtown route with the hospitality route into one service, to eliminate the need to transfer.

CHAIRPERSON SCHOLEFIELD MOVED TO CONSIDER OFFERING THE SAME ROUTE AS 2013/14 DAY TRIPPER, INCREASING THE FREQUENCY TO 15-MINUTE INTERVALS, WITH THE INCREASED COST OF \$300,000 AND AN ADDITIONAL MARKETING COMPONENT OF \$30,000. COMMISSIONER HIROSE SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER BAILEY WAS ABSENT.

Mr. Basha said staff would return with a more detailed route analysis that would include consideration of a stop at 3rd Avenue in Old Town.

11. Food Festival Event Proposal

Fred Unger introduced the World Food Championships, which will be held in October of 2014. The third year of the event will be televised as a series on A&E by the producers of *American Idol* and *So You Think You Can Dance*. Michael McCloud said food sports have expanded rapidly over the last few years, and he described the WFC as the Super Bowl of food. In order to funnel competitors into the main championships, a set of super regionals are being created around the country this year. WestWorld offers the perfect setting for a super regional with room to grow.

Commissioner Hirose inquired about the number and size of the super regionals, and the number of attendees expected. Mr. McCloud responded that four super regionals are planned, in Park City, UT, Murphysboro, IL, and Nashville, TN, in addition to Scottsdale. He said the goal is to work with WestWorld and Etzel to build a consumer event around the competition. Competitive teams and judges could draw up to 2,000 people before consumers are factored in.

Commissioner Enders asked whether the producers plan to return in future years. Mr. McCloud explained that if the event in Scottsdale goes well, a multi-year commitment is possible. Commissioner Enders inquired about the size of the marketing commitment. Mr. McCloud stated that the planned marketing campaign would greatly exceed the requirement to qualify for funds. The TV exposure alone will return the City's investment a hundredfold.

COMMISSIONER HIROSE MOVED TO RECOMMEND \$75,000 IN EVENT FUNDING FOR THE WORLD FOOD CHAMPIONSHIPS SCOTTSDALE SUPER REGIONAL, AND TO DIRECT STAFF TO PREPARE THE NECESSARY DOCUMENTS FOR FINAL APPROVAL BY CITY COUNCIL. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER BAILEY WAS ABSENT.

12. Identification of Future Agenda Items

Mr. Geiogamah stated that the June meeting will be used to discuss event-related infrastructure improvements for Civic Center Mall.

Chairperson Scholefield requested an update on the public art piece for WestWorld and the route options for the Day Tripper.

13. Public Comment

There were no public comments.

14. Adjournment

The meeting adjourned at 9:58 a.m.

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